

Frontier Communications

CONNECTING **AMERICA'S** COMMUNITIES



Investor Presentation

November 2009

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Safe Harbor Statement

Forward-Looking Language

This presentation contains forward-looking statements that are made pursuant to the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. These statements are made on the basis of management's views and assumptions regarding future events and business performance. Words such as "believe," "anticipate," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements (including oral representations) involve risks and uncertainties that may cause actual results to differ materially from any future results, performance or achievements expressed or implied by such statements. These risks and uncertainties are based on a number of factors, including but not limited to: Our ability to complete the acquisition of access lines from Verizon; the failure to obtain, delays in obtaining or adverse conditions contained in any required regulatory approvals for the Verizon transaction; the failure to receive the IRS ruling approving the tax-free status of the Verizon transaction; the ability to successfully integrate the Verizon operations into Frontier's existing operations; the effects of increased expenses due to activities related to the Verizon transaction; the ability to migrate Verizon's West Virginia operations from Verizon owned and operated systems and processes to Frontier owned and operated systems and processes successfully; the risk that the growth opportunities and cost synergies from the Verizon transaction may not be fully realized or may take longer to realize than expected; the sufficiency of the assets to be acquired from Verizon to enable us to operate the acquired business; disruption from the Verizon transaction making it more difficult to maintain relationships with customers, employees or suppliers; the effects of greater than anticipated competition requiring new pricing, marketing strategies or new product or service offerings and the risk that we will not respond on a timely or profitable basis; reductions in the number of our access lines and High-Speed Internet subscribers; our ability to sell enhanced and data services in order to offset ongoing declines in revenue from local services, switched access services and subsidies; the effects of ongoing changes in the regulation of the communications industry as a result of federal and state legislation and regulation; the effects of competition from cable, wireless and other wireline carriers (through voice over internet protocol (VOIP) or otherwise); our ability to adjust successfully to changes in the communications industry and to implement strategies for improving growth; adverse changes in the credit markets or in the ratings given to our debt securities by nationally accredited ratings organizations, which could limit or restrict the availability, or increase the cost, of financing; reductions in switched access revenues as a result of regulation, competition and/or technology substitutions; the effects of changes in both general and local economic conditions on the markets we serve, which can impact demand for our products and services, customer purchasing decisions, collectability of revenue and required levels of capital expenditures related to new construction of residences and businesses; our ability to effectively manage service quality; our ability to successfully introduce new product offerings, including our ability to offer bundled service packages on terms that are both profitable to us and attractive to our customers; changes in accounting policies or practices adopted voluntarily or as required by generally accepted accounting principles or regulators; our ability to effectively manage our operations, operating expenses and capital expenditures, to pay dividends and to repay, reduce or refinance our debt; the effects of bankruptcies and home foreclosures, which could result in increased bad debts; the effects of technological changes and competition on our capital expenditures and product and service offerings, including the lack of assurance that our ongoing network improvements will be sufficient to meet or exceed the capabilities and quality of competing networks; the effects of increased medical, retiree and pension expenses and related funding requirements; changes in income tax rates, tax laws, regulations or rulings, and/or federal or state tax assessments; the effects of state regulatory cash management policies on our ability to transfer cash among our subsidiaries and to the parent company; our ability to successfully renegotiate union contracts expiring in 2009 and thereafter; declines in the value of our pension plan assets, which could require us to make contributions to the pension plan beginning no earlier than 2010; our ability to pay dividends in respect of our common shares, which may be affected by our cash flow from operations, amount of capital expenditures, debt service requirements, cash paid for income taxes and our liquidity; the effects of any unfavorable outcome with respect to any of our current or future legal, governmental or regulatory proceedings, audits or disputes; the possible impact of adverse changes in political or other external factors over which we have no control; and the effects of hurricanes, ice storms or other severe weather. These and other uncertainties related to our business are described in greater detail in our filings with the Securities and Exchange Commission, including our reports on Forms 10-K and 10-Q, and the foregoing information should be read in conjunction with these filings. We undertake no obligation to publicly update or revise any forward-looking statements or to make any other forward-looking statement, whether as a result of new information, future events or otherwise unless required to do so by securities laws.

Additional Information and Where to Find it

This filing is not a substitute for the definitive prospectus/proxy statement included in the Registration Statement on Form S-4 that Frontier filed, and the SEC has declared effective, in connection with the proposed transactions described in the definitive prospectus/proxy statement. INVESTORS ARE URGED TO READ THE DEFINITIVE PROSPECTUS/PROXY STATEMENT BECAUSE IT CONTAINS IMPORTANT INFORMATION, INCLUDING DETAILED RISK FACTORS. The definitive prospectus/proxy statement and other documents filed or to be filed by Frontier with the SEC are or will be available free of charge at the SEC's website, www.sec.gov, or by directing a request when such a filing is made to Frontier, 3 High Ridge Park, Stamford, CT 06905-1390, Attention: Investor Relations.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Frontier's stockholders approved the proposed transactions on October 27, 2009, and no other vote of the stockholders of Frontier or Verizon is required in connection with the proposed transactions.



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Non-GAAP Financial Measures

The Company uses certain non-GAAP financial measures in evaluating its performance. These include free cash flow and EBITDA or “operating cash flow” which we define as operating income plus depreciation and amortization. A reconciliation of the differences between EBITDA and free cash flow and the most comparable financial measures calculated and presented in accordance with GAAP is included in the tables that follow. The non-GAAP financial measures are by definition not measures of financial performance under generally accepted accounting principles and are not alternatives to operating income or net income reflected in the statement of operations or to cash flow as reflected in the statement of cash flows and are not necessarily indicative of cash available to fund all cash flow needs. The non-GAAP financial measures used by the Company may not be comparable to similarly titled measures of other companies.

The Company believes that presentation of non-GAAP financial measures provides useful information to investors regarding the Company’s financial condition and results of operations because these measures, when used in conjunction with related GAAP financial measures, (i) together provide a more comprehensive view of the Company’s core operations and ability to generate cash flow, (ii) provide investors with the financial analytical framework upon which management bases financial, operational, compensation and planning decisions, and (iii) presents measurements that investors and rating agencies have indicated to management are useful to them in assessing the Company and its results of operations. Management uses these non-GAAP financial measures to plan and measure the performance of its core operations, and its divisions measure performance and report to management based upon these measures. In addition, the Company believes that free cash flow and EBITDA, as the Company defines them, can assist in comparing performance from period to period, without taking into account factors affecting cash flow reflected in the statement of cash flows, including changes in working capital and the timing of purchases and payments. The Company has shown adjustments to its financial presentations to exclude severance and early retirement costs in 2004, 2005, 2006, 2007 and 2008, a pension curtailment gain in 2007, the favorable impact of a significant carrier dispute settlement in 2007, legal settlement costs and related expenses in 2007 and 2008 and management succession and strategic alternatives expenses in 2004 because the Company believes that the magnitude of such costs incurred in any one period materially exceeds that which has been incurred by the Company in any other period during 2004 through 2008 and/or because investors have indicated to management that such adjustments are useful to them in assessing the Company and its results of operations.

Management uses these non-GAAP financial measures to (i) assist in analyzing the Company’s underlying financial performance from period to period, (ii) evaluate the financial performance of its business units, (iii) analyze and evaluate strategic and operational decisions, (iv) establish criteria for compensation decisions, and (v) assist management in understanding the Company’s ability to generate cash flow and, as a result, to plan for future capital and operational decisions. Management uses these non-GAAP financial measures in conjunction with related GAAP financial measures. The Company believes that the non-GAAP financial measures are meaningful and useful for the reasons outlined above.

While the Company utilizes these non-GAAP financial measures in managing and analyzing its business and financial condition and believes they are useful to management and to investors for the reasons described above, these non-GAAP financial measures have certain shortcomings. In particular, free cash flow does not represent the residual cash flow available for discretionary expenditures, since items such as debt repayments and dividends are not deducted in determining such measure. EBITDA has similar shortcomings as interest, income taxes, capital expenditures, debt repayments and dividends are not deducted in determining this measure. Management compensates for the shortcomings of these measures by utilizing them in conjunction with their comparable GAAP financial measures. The information in this presentation should be read in conjunction with the financial statements and footnotes contained in our documents filed with the U.S. Securities and Exchange Commission.



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Company Overview

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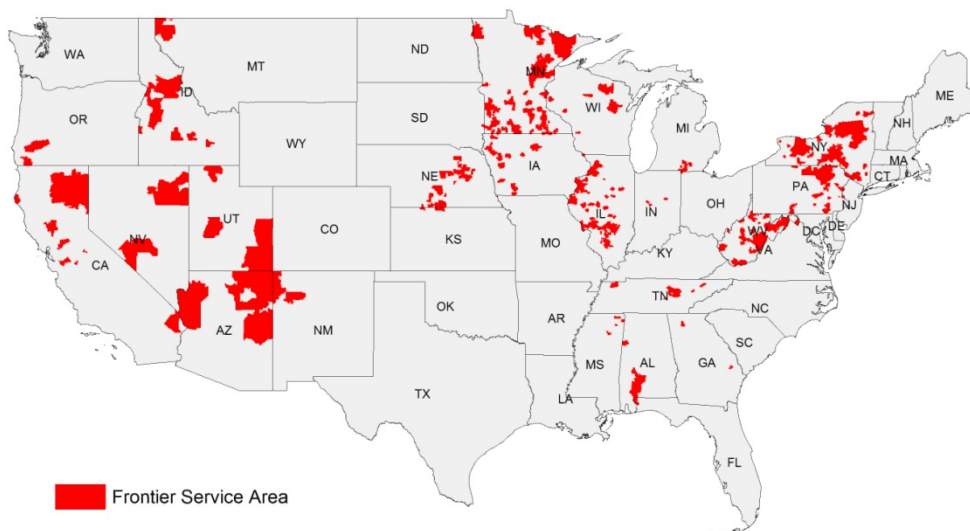
Frontier Communications today is

Frontier Communications Corporation (NYSE: FTR) is one of the nation's largest rural local exchange carriers, offering local and long-distance telephone service, broadband Internet access, wireless Internet access, DISH satellite TV and more.....

Key Metrics ¹

States	24
Access Lines	2,151,708
High Speed Internet Subscribers	621,331
LTM 9/30/2009 Revenue (\$ in million)	\$2,144
LTM 9/30/2009 EBITDA ² (\$ in million)	\$1,160
LTM 9/30/2009 FCF (\$ in million)	\$476

Geographic Footprint



•Geographic Highlights

- Rural Footprint (13 Households / Sq Mile)
- 24 States; 285 counties; 70 Local Market Clusters
- Mature Cable VOIP Competition (70% of Our Footprint¹)

1. Metrics as of September 30, 2009.

2. Represents Operating Cash Flow (EBITDA), as adjusted. For a detailed reconciliation of Operating Cash Flow (EBITDA), please see slide 29.



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Key Value Drivers

Unique Customer Experience

Robust Local & National Network

Consistent Execution of Financial and Operational Goals

Solid and Improving Balance Sheet Position



Unique Customer Experience

- Big Company Advantages, Small Company Feel
- Local Manager Structure
- Unique Welcome Process
- Exceptional Service Levels
- 2 Hour Appointment Windows
- Simple Double Play & Triple Play Bundles
- Good, Better, Best Choices for Voice, Video, Data
- Peace of Mind Product Suite
- Directory Advertising
- Wireless Data
- Multi-Year Price Protection Plans
- Loyalty Programs
- Aspirational Gifts
- Community Connections
- Take The Lead Referrals



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Robust Local & National Network

- **Extensive Local Networks**

- 1,007 ILEC Exchanges
- 1,024 Central Offices
- Fiber To Home In All Greenfield Builds
- Approximately 41% Of Frontier Local Networks Are Capable of Providing 20Mbps Service, and 92% are Capable of Providing at Least 1Mbps Service. ¹



- **Flexible network architecture allows delivery of advanced services to residential and business customers**

Notes

1. Based on Loop Length Capability View as of 9/30/09. This measure shows network bandwidth capability based on the length of the loop in conjunction with the deployment of a DSLAM for that loop. This view does not show product availability, which is based on other factors, as discussed on slide 9.



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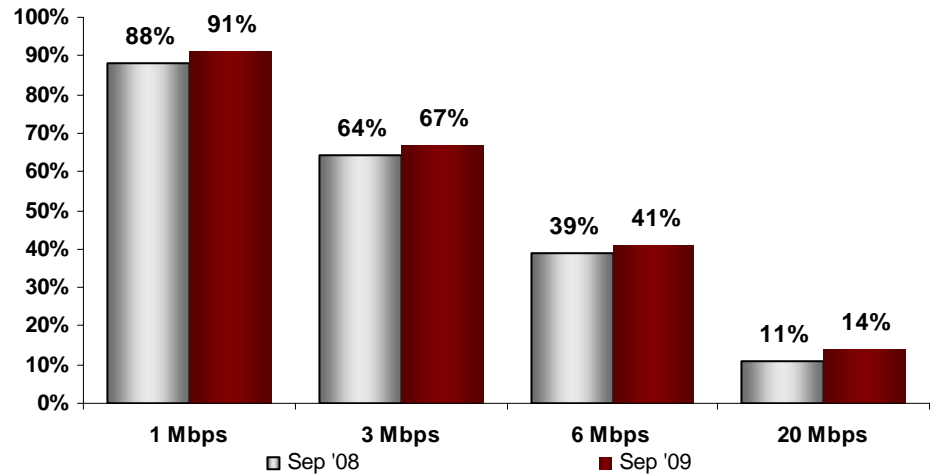
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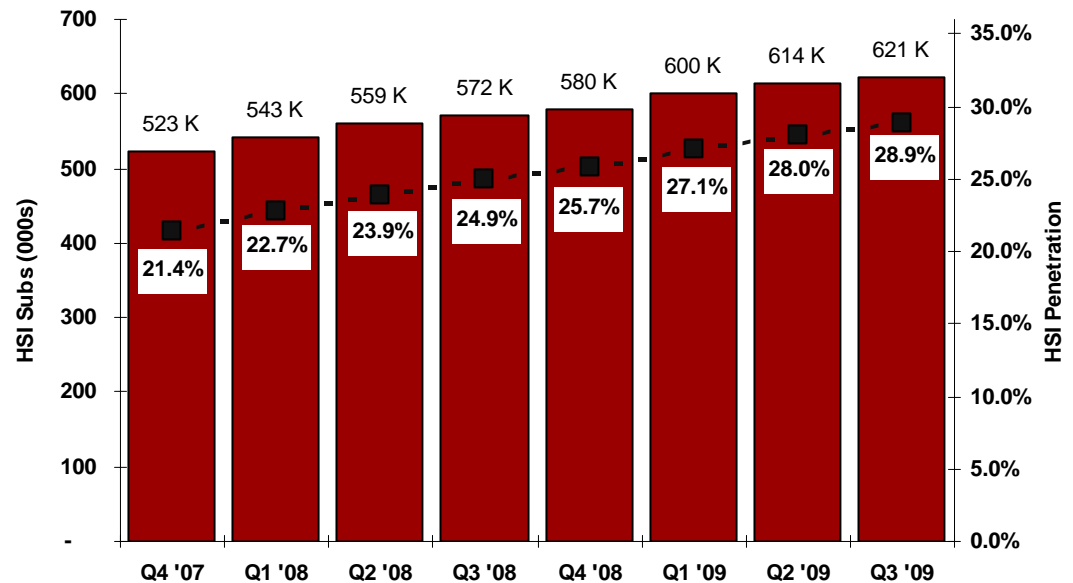
Robust Local & National Network (continued)

- **Extensive HSI Availability**

- Broadband speeds ¹ in our network continue to increase.



- **Well Positioned to Support Continued Growth of High Speed Subscribers**



Notes

1. Data in the top chart is our Product Availability View as of 9/30/09. This measure shows commercial product availability based on the length of the loop, the deployment of a DSLAM for the loop, the DSL technology that's deployed, and the uplink capacity serving the DSLAM.



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Consistent Execution of Financial and Operational Goals

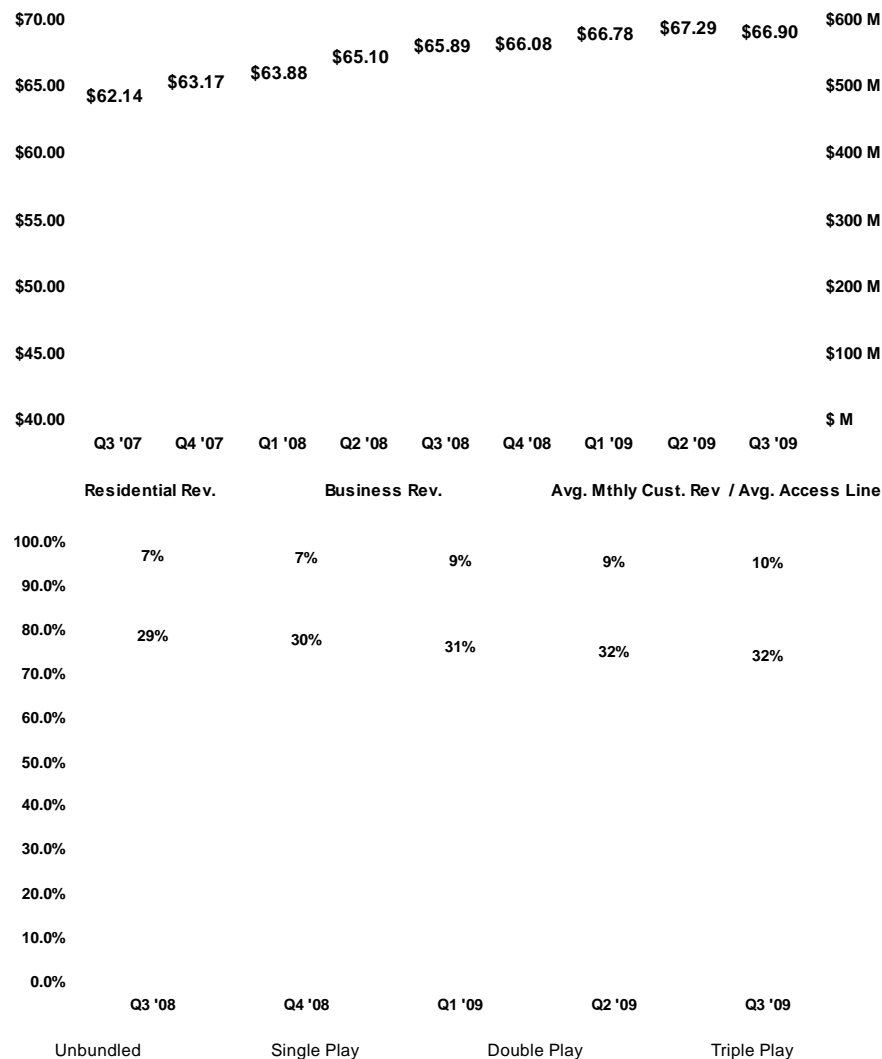
- **Strong, Stable Free Cash Flow Generation**

- **Maintaining Stable Revenues**

- ✓ Delivering Quality Products and Services our Customers Want
 - ✓ Reducing Churn With Bundles ¹
 - ✓ Driving Customer Revenues ²

- **Building a Culture that Drives Results**

- **Hiring and Retaining “Great Athletes”**
 - **Innovative Solutions to Increase Workforce Efficiency**
 - **Standardized Field Processes**
 - **Cultivating Strong Relationships with our Labor Unions and Regulatory Agencies**



Notes

1. Double-Play churn and Triple-Play churn levels for customer bundles are approximately 1.5% and 1.0%, on average.

2. Customer revenue is defined as total revenue less access services. Access services include switched network access and subsidies.



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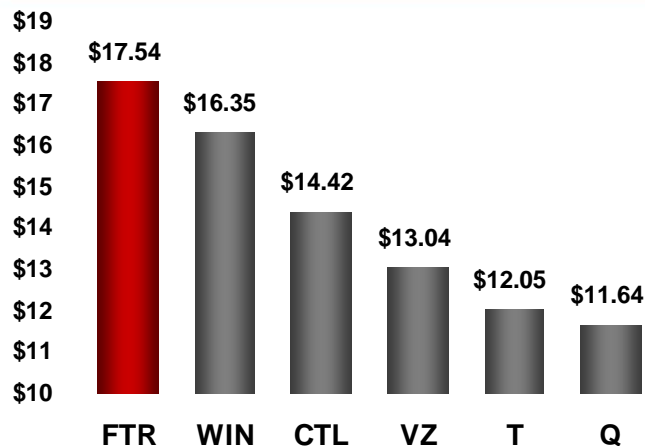


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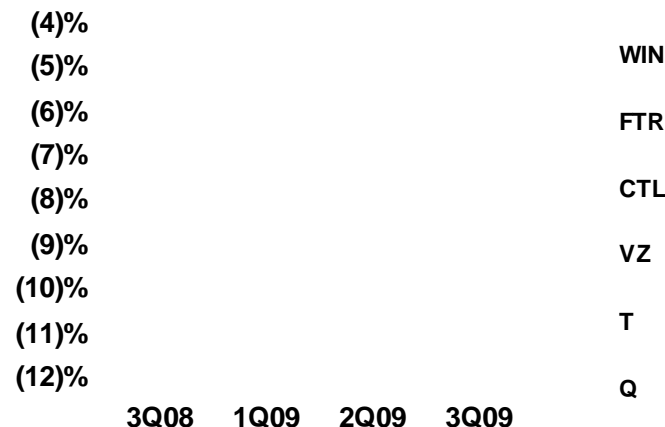


Consistent Execution: Industry-Leading Metrics

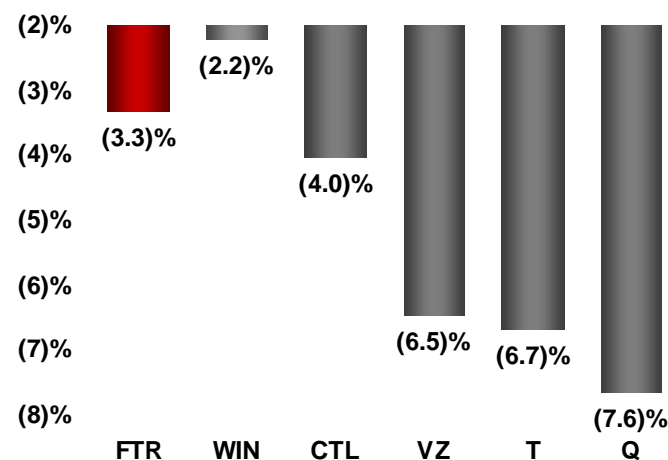
Monthly EBITDA / Employee 3Q09



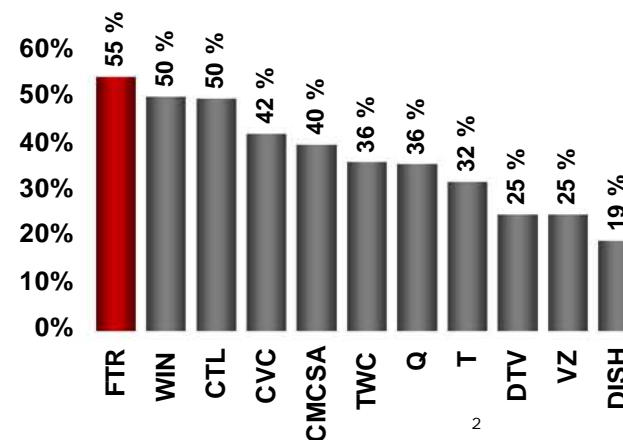
Line Loss Yr/Yr



Change in Lines+HSI Subs (1) 3Q09



EBITDA Margin (2) 3Q09



Notes

1. Represents the yr/yr change in the combined ending base of access lines and HSI subscribers.
2. Excludes wireless. Cable represents network operations only.

Source: SEC filings; Wall Street research; Frontier.



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Solid and Improving Balance Sheet Position

• Preparing for Verizon

- Reducing near-term maturities.

Principal Payments due on Long-Term Debt Obligations for 2009 through 2015
Comparison of Debt Obligations Measured as of September 30 and October 31, 2009
(in Millions of \$)

• Good Liquidity

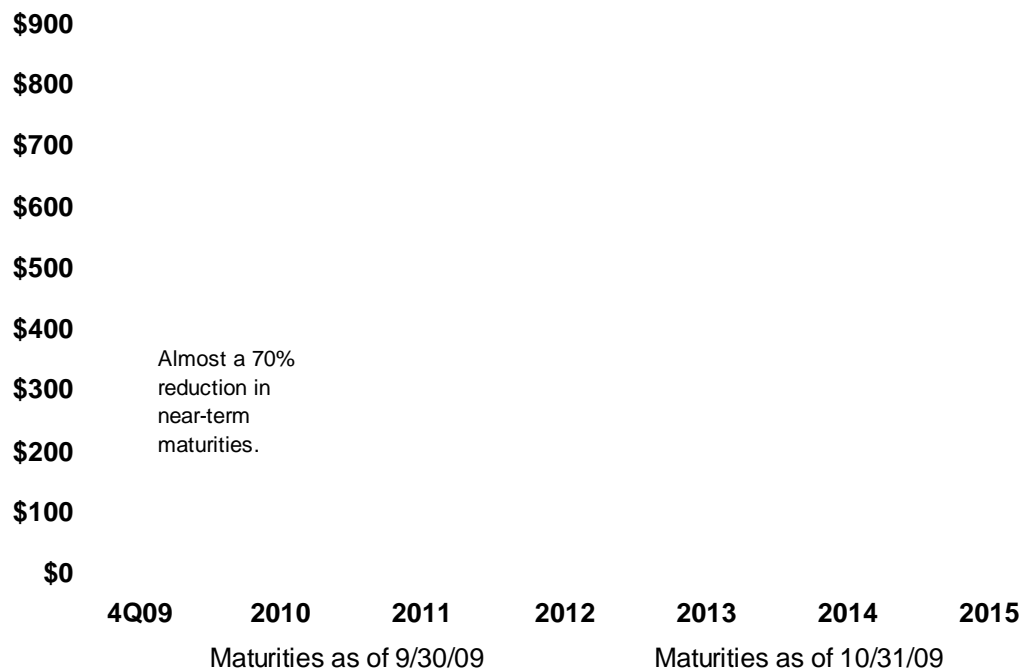
- Undrawn \$250M Revolver
- \$100M minimum cash-on-hand policy.

• Moderate Leverage

- 3.9x at 3Q 2009

• Access to Capital

- Successfully raised \$600M in 3Q 2009 as stand-alone FTR.



Notes

1. Reduction in debt obligations as of October 31, 2009 results from the \$700.0 million debt tender offer.



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Verizon Transaction Overview

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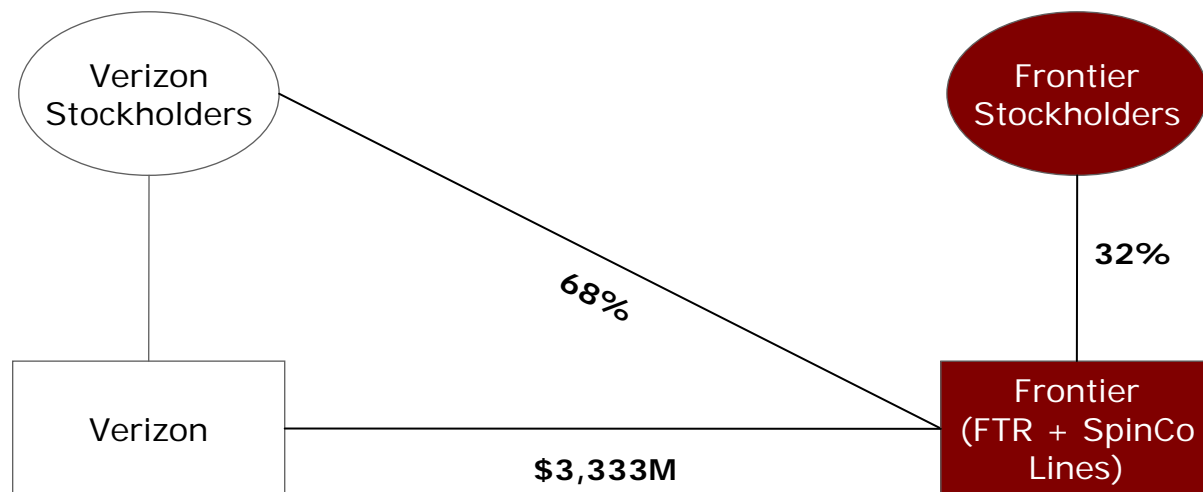
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The “New” Frontier....

- **TRANSFORMATIONAL TRANSACTION for Frontier**
 - Becomes the fifth largest ILEC in the US with 7 million access lines in 27 states
 - Becomes the nation’s largest communications service provider focused on rural areas and small and medium-sized towns and cities
- **Improves balance sheet strength; increases financial and operational flexibility**
 - Pro forma leverage of 2.6x
 - Attractive and sustainable dividend policy
 - Free cash flow per share accretive in year 2
- **Delivers substantial long-term shareholder value**
- **Creates a strong platform for continued growth and improves the company’s overall strategic position**



Transaction Summary



- SpinCo pays Verizon \$3,333M in cash or debt relief
- Verizon distributes 100% of SpinCo to Verizon shareholders
- SpinCo merges with Frontier; Frontier is the surviving entity

Parameter	Frontier (1)	SpinCo	Total
Price/Share	\$ 7.75	\$ 7.75	\$ 7.75
Shares Outstanding	312	677	989
Equity Value	\$ 2,421	\$ 5,247	\$ 7,668
Net Debt	4,547	3,333	8,005 ⁽²⁾
Firm Value	\$ 6,968	\$ 8,580	\$ 15,673
2008 EBITDA (3)	\$ 1,214	\$ 1,890	\$ 3,104
FV/'08 EBITDA	5.7x	4.5x	5.0x
Net Debt/'08 EBITDA	3.8x	1.8x	2.6x

- Share price collar of \$7.00 – \$8.50 per share; 617 – 750M shares (66-71%) Verizon stockholder ownership

(1) As of 3/31/09

(2) Includes \$125 million of financing for integration costs

(3) FY 2008 Pro forma EBITDA, excludes synergies



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Key Pro forma financial data

2008 Statistics	Frontier	SpinCo ⁽²⁾	Sub-Total	Synergies	Total
Revenue	\$2,237	\$4,257	\$6,494	—	\$6,494
EBITDA	1,214 ⁽¹⁾	1,890	3,104	500	3,604
% EBITDA Margin	54.3%	44.4%	47.8%		55.5%
Bridge to Free Cash Flow:					
Interest Expense	(363)	(290)	(653)	—	(653)
Cash Taxes	(79)	(285)	(364)	(190)	(554)
Capital Expenditure	(288)	(413)	(701)	—	(701)
Other	9	—	9	—	9
Free Cash Flow	\$493	\$902	\$1,395	\$310	\$1,705
Net Debt / EBITDA	3.8x	1.8x	2.6x		2.2x
EBITDA / Interest Exp.	3.3x	6.5x	4.8x		5.5x
Dividend (\$0.75 / share)	—	—	\$742 ⁽³⁾	—	\$742 ⁽³⁾
Dividend Payout Ratio	—	—	53%	—	43%

Notes

(1) Adjusted to exclude Severance and Early Retirement Costs and Legal Settlement Costs.

(2) 2008 audited financial statements adjusted for certain matters.

(3) Assuming Frontier issues share at the mid-point of the collar.



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Transaction Overview

Transaction Structure

- Reverse Morris Trust
- Simultaneous tax-free spin-off of SpinCo and merger with Frontier

Valuation

- SpinCo Enterprise Value: \$8.6B
- Implied purchase multiple of 4.5x SpinCo's FY 2008 EBITDA

Financing

- Equity consideration based on Frontier's 30 day average share price at time of close
 - Subject to a collar of \$7.00 – \$8.50, 66% - 71% VZ stockholder ownership
 - Fixed number of shares outside the collar
- Approximately \$3.3 Billion of debt to be raised prior to closing
 - Substantially all proceeds to be paid to Verizon

Governance

- Maggie Wilderotter, Chairman & Chief Executive Officer
- Frontier management leadership
- 12 member board (Verizon delegates 3 new members to Frontier's existing board)

Post Closing Dividend Policy

- Annual dividend of \$0.75 per share, reduced from current \$1.00 per share

Estimated Synergies

- Revenue upside from broadband, long distance, video and bundles
- \$500M of cash OpEx savings (21% of 2008 SpinCo cash OpEx)

Required Approvals

- Hart Scott Rodino (completed)
- Frontier shareholder approval (completed)
- Verizon IRS ruling
- FCC and certain state and local regulatory approvals

Expected Closing

- Q2 2010



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Transaction Rationale

- **Serving Rural America IS our business**
- **Frontier becomes the largest rural / suburban communications provider**

Rural Profile

- SpinCo properties have an average of 37 households per sq. mile
- 70% of lines in rural areas
- Less than 1% of lines in urban areas

Complementary Footprint

- Frontier currently has operations in 11 of the 14 states in which SpinCo operates

Attractive Demographics

- Properties have a similar profile to Frontier's current footprint
- Median income of \$50.1K, 74% home ownership, average age of 48

Upside for Organic Growth

- Ability to implement Frontier's proven "go-to-market" strategy
- Local engagement model will improve customer loyalty and drive revenue performance

Ability to Leverage Scale

- Leverage scalability of common support functions (e.g. IS, Accounting)
- Ability to achieve synergies from operating and capital expenditures

Reasonable Capital Investment

- Currently, broadband is only available to ~60% of households
- Opportunity to expand broadband deployment

Free Cash Flow Accretive

- The transaction drives significant free cash flow per share accretion in year 2 and beyond

Improves Dividend Payout Ratio

- \$0.75 per share dividend after closing
- Payout ratio declines based on new dividend policy and increased cash flow



Why This is Different From Other RLEC M&A

System Conversion Experience

Deleveraging Transaction

Strong Rural Markets

Track Record of Successful Integrations

- 13 states run on a separate billing platform that comes with SpinCo in the acquisition; Only one state, representing 13% of SpinCo access lines, required to be converted to Frontier by closing.
- This is a deleveraging transaction. FY 2008 pro forma combined leverage of 2.6x – approaching investment grade.
- Substantially the same rural profiles as Frontier has today. Predominately rural markets (37 households / sq. mile); less than 1% of the footprint is urban. We already operate in 11 of the 14 states.
- Frontier management successfully operates a 2M + access line business, generating \$2.2B of revenue in 24 states. We have successfully integrated Rochester Telephone, Commonwealth Telephone and Global Valley Networks realizing greater than anticipated synergies, and have consolidated 7 billing systems in the past 5 years.



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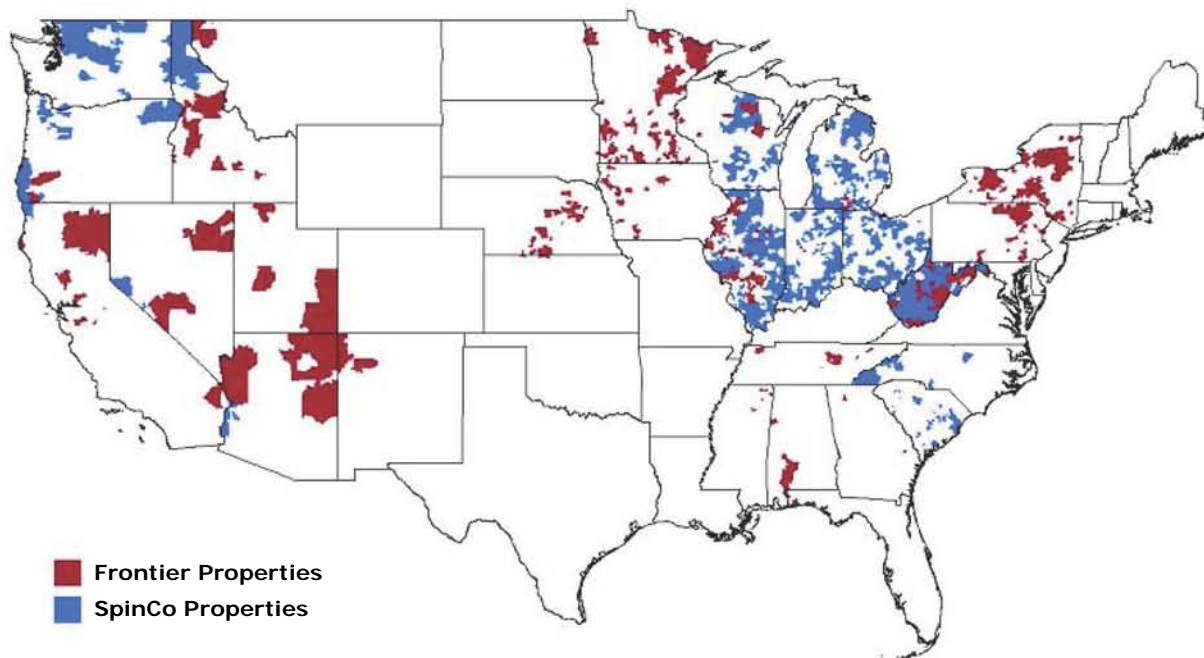
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Combined Company Snapshot



FY 2008 Key Metrics

	Frontier Standalone	Frontier Pro Forma
Revenue:	\$2.2B	\$6.5B
EBITDA ⁽¹⁾:	\$1.2B	\$3.1B
Ending Access Lines:	2.3M	7.0M
Number of States:	24	27

(1) Excludes synergies.

	Pro Forma Footprint	% of Total
West Virginia	761	10.8%
Indiana	723	10.2%
New York	684	9.7%
Illinois	671	9.5%
Ohio	635	9.0%
Washington*	578	8.2%
Michigan	526	7.5%
Pennsylvania	427	6.1%
Wisconsin	343	4.9%
Oregon	323	4.6%
North Carolina*	263	3.7%
Minnesota	211	3.0%
California	168	2.4%
Arizona	152	2.2%
Idaho	133	1.9%
South Carolina*	128	1.8%
Tennessee	79	1.1%
Nevada	60	0.8%
Iowa	45	0.6%
Nebraska	43	0.6%
Alabama	26	0.4%
Utah	22	0.3%
Georgia	19	0.3%
New Mexico	8	0.1%
Montana	8	0.1%
Mississippi	5	0.1%
Florida	4	0.1%
Total	7,045	

* New State for Frontier



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Combined Company Access Line Detail

As of 12/31/08

Common Properties	West Virginia	143,982	617,036	761,018
	Indiana	4,647	718,251	722,898
	Illinois	97,461	573,321	670,782
	Ohio	552	634,153	634,705
	Michigan	19,102	507,462	526,564
	Wisconsin	62,007	281,350	343,357
	Oregon	12,626	309,904	322,530
	California	143,871	24,205	168,076
	Arizona	145,241	6,297	151,538
	Idaho	20,035	113,002	133,037
	Nevada	23,701	35,989	59,690
		673,225	3,820,970	4,494,195
SpinCo Properties	Washington	-	578,506	578,506
	North Carolina	-	263,479	263,479
	South Carolina	-	127,718	127,718
		-	969,703	969,703
Frontier Properties	New York	683,880	-	683,880
	Pennsylvania	427,489	-	427,489
	Minnesota	210,983	-	210,983
	Tennessee	79,014	-	79,014
	Iowa	44,891	-	44,891
	Nebraska	43,106	-	43,106
	Alabama	25,980	-	25,980
	Utah	21,718	-	21,718
	Georgia	19,167	-	19,167
	New Mexico	8,001	-	8,001
	Montana	7,659	-	7,659
	Mississippi	5,474	-	5,474
	Florida	3,746	-	3,746
		1,581,108	-	1,581,108
		2,254,333	4,790,673	7,045,006



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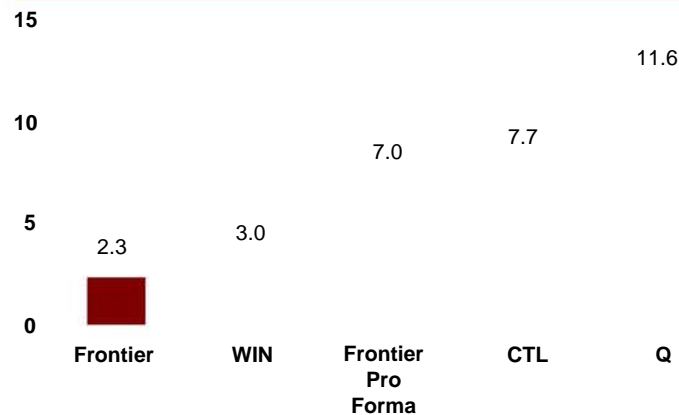


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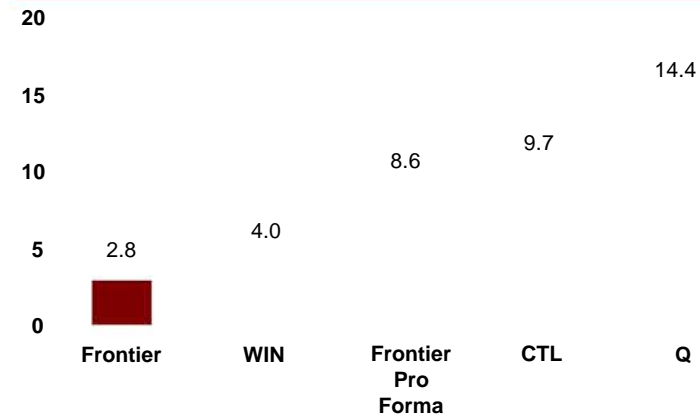


Frontier Gains Size & Scale

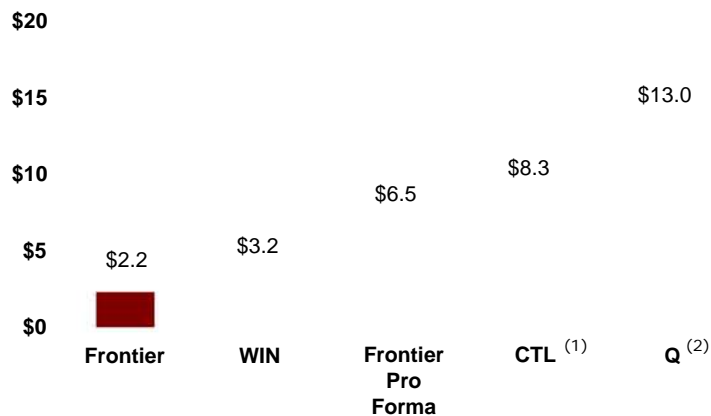
Total Access Lines (M)



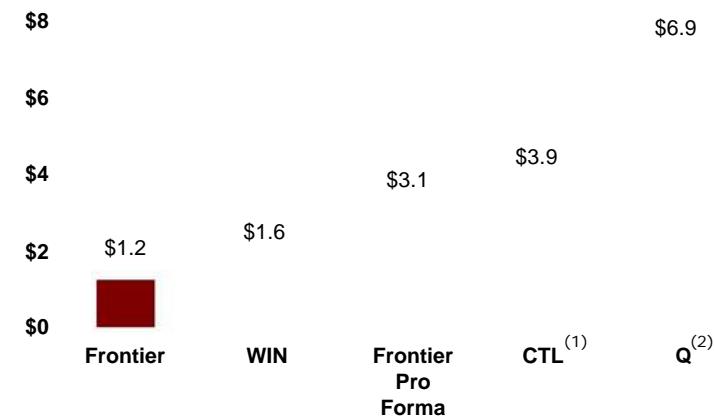
Voice + Broadband Connections (M)



2008 Revenue (\$B)



2008 EBITDA (\$B)



Source: Company filings and Wall Street research – 2008 data.

(1) Pro forma for Embarq acquisition, excluding Logistics.

(2) Reflects Qwest Wireline only.



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Substantial Revenue & Cost Saving Opportunities

Revenue Opportunity

- Increased Broadband availability
- Frontier market approach improves critical customer metrics
 - Access line losses
 - HSI penetration
 - Long distance penetration
 - Video penetration

Synergies

- Executive Management
- Legal
- Information Systems
- Finance & Accounting

~ \$500M
Annually



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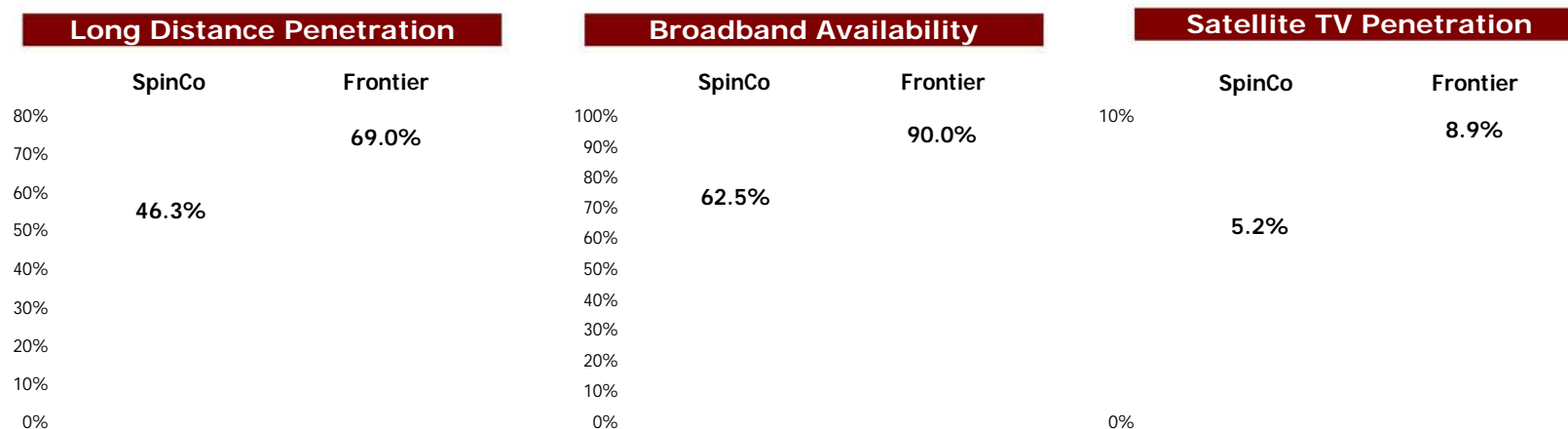
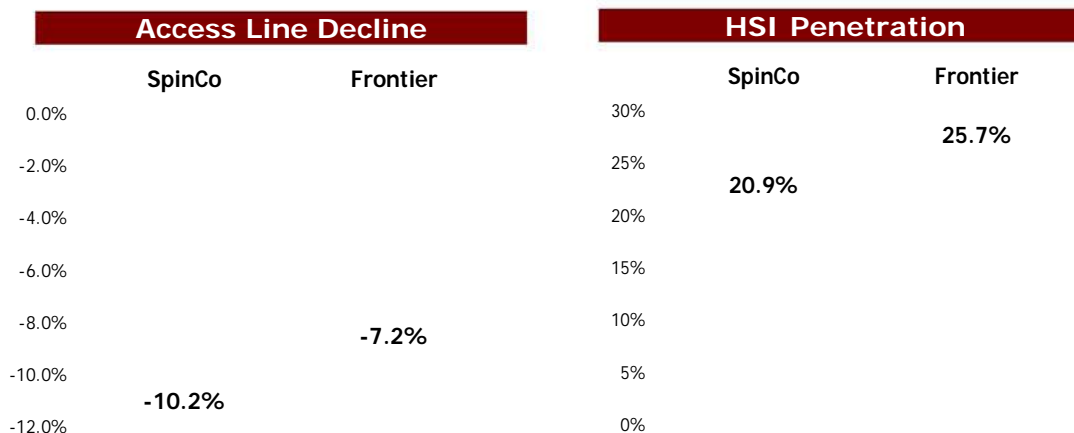
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Significant Operational Upside Potential

- Our ability to migrate the acquired properties to Frontier's performance metrics offers the potential for significant operational enhancement



Note: Data is as of 12/31/08.



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What You Can Expect From Us

- **Provide a Unique Customer Experience**
- **Annual Growth in Customer Revenue**
 - New Products and Innovative Marketing
- **Efficient Execution of Our Operating Strategy**
 - “Competitively Fit” – Lean & Flexible
- **Consistently Strong EBITDA Margins**
 - Continuous Achievement of Cost Reduction Initiatives

Pro Forma Verizon Transaction – the “New Frontier”

- **Significant Deleveraging to 2.6x (with a target of less than 2.5x leverage = Investment Grade)**
- **Free Cash Flow Accretive**
- **Platform for Continued Growth and Improved Strategic Position**



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Appendix

CONNECTING AMERICA'S COMMUNITIES



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Annual Frontier Selected Financial Metrics

(\$ in Millions)	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenue	\$2,022	\$2,017	\$2,025	\$2,288	\$2,237
Customer Revenue ¹	\$1,565	\$1,586	\$1,597	\$1,809	\$1,832
- % Growth	1.5%	1.3%	0.7%	0.9% ²	-1.0% ³
HSI Penetration	9.4%	14.2%	18.5%	21.5%	25.7%
EBITDA ⁴	\$1,102	\$1,116	\$1,128	\$1,213	\$1,214
EBITDA Margin %	54.5%	55.3%	55.7%	53.9%	54.3%
CAPEX	\$264	\$259	\$269	\$316	\$288
- % of Revenue	13.1%	12.8%	13.3%	13.8%	12.9%
Free Cash Flow ⁵	\$503	\$544	\$562	\$528	\$493
- % of Revenue	24.9%	27.0%	27.7%	23.1%	22.0%

Notes

1. Customer revenue is defined as total revenue less access services. Access services include switched network access and subsidies.

2. % Growth for 2007 excludes \$196.4M of revenue from acquisitions in 2007.

3. % Growth for 2008 compares 2008 results versus 2007 results Pro Forma for an additional 2.25 months of CTE, the acquisition of GVN and the sale of the CTE Equipment Co.

4. Represents Operating Cash Flow (EBITDA), as adjusted. For a detailed reconciliation of Operating Cash Flow (EBITDA), please refer to slide 28.

5. Free cash flow includes ELI for all years prior to its sale in July 2006. For a detailed reconciliation of free cash flow, please refer to slide 30.



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Reconciliation of Non-GAAP Financial Measures

(\$ in 000's)	For the years ended December 31,				
	2004	2005	2006	2007	2008
<i>EBITDA (Operating Cash Flow)</i>					
Operating Income	\$ 460,301	\$ 588,968	\$ 644,490	\$ 705,416	\$ 642,456
<i>Add back:</i>					
Depreciation and amortization	549,381	520,204	476,487	545,856	561,801
EBITDA (Operating Cash Flow), as reported	\$ 1,009,682	\$ 1,109,172	\$ 1,120,977	\$ 1,251,272	\$ 1,204,257
<i>Add / (Subtract)</i>					
Severance and early retirement costs	1,182	6,981	7,193	13,874	7,597
Pension curtailment gain (Non Cash)	-	-	-	(14,379)	-
Legal settlement costs	-	-	-	816	2,113
Carrier dispute settlement	-	-	-	(38,700)	-
Management succession and strategic alternatives expenses	90,632	-	-	-	-
EBITDA (Operating Cash Flow), as adjusted	\$ 1,101,496	\$ 1,116,153	\$ 1,128,170	\$ 1,212,883	\$ 1,213,967
Revenue, as reported	\$ 2,022,378	\$ 2,017,041	\$ 2,025,367	\$ 2,288,015	\$ 2,237,018
<i>Deduct:</i>					
Favorable revenue settlement (one-time)	-	-	-	(38,700)	-
Revenue, as adjusted	\$ 2,022,378	\$ 2,017,041	\$ 2,025,367	\$ 2,249,315	\$ 2,237,018
EBITDA (Operating Cash Flow), as adjusted as % of Adj. Revenue	54.5%	55.3%	55.7%	53.9%	54.3%



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Reconciliation of Non-GAAP Financial Measures

For the nine months ended September 30, 2009					
<i>Operating Cash Flow and Operating Cash Flow Margin</i>	As Reported	Acquisition and Integration Costs	Severance and Early Retirement Costs	Non-cash Pension Costs ⁽¹⁾	As Adjusted
Operating Income	\$ 448,616	\$ (14,457)	\$ (2,567)	\$ (24,802)	\$ 490,442
<i>Add back:</i>					
Depreciation and amortization	373,499	-	-	-	373,499
Operating cash flow	\$ 822,115	\$ (14,457)	\$ (2,567)	\$ (24,802)	\$ 863,941
Revenue	\$ 1,596,914				\$ 1,596,914
Operating income margin (Operating income divided by revenue)	28.1%				30.7%
Operating cash flow margin (Operating cash flow divided by revenue)	51.5%				54.1%

⁽¹⁾ Includes pension expense of \$30.3 million, less amounts capitalized into the cost of capital expenditures of \$5.5 million for the nine months ended September 30, 2009.



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Reconciliation of Non-GAAP Financial Measures

(\$ in 000's)	2004	For the years ended December 31,			2008
		2005	2006	2007	
Net income	\$ 72,150	\$ 202,375	\$ 344,555	\$ 214,654	\$ 182,660
<i>Add back:</i>					
Depreciation and amortization	549,381	520,204	476,487	545,856	561,801
Income tax expense	4,247	75,270	136,479	128,014	106,496
Management succession and strategic alternatives expenses	90,632	-	-	-	-
Stock based compensation	10,963	8,427	10,340	9,022	7,788
<i>Subtract:</i>					
Cash paid (refunded) for income taxes	(4,901)	4,711	5,365	54,407	78,878
Pension Curtailment Gain (Non-Cash)	-	-	-	14,379	-
Other income (loss), net	(34,242)	(2,843)	60,271	(15,038)	(1,594)
Capital expenditures	263,949	259,448	268,806	315,793	288,264
Gain on sale of discontinued operations	-	1,167	71,635	-	-
Free cash flow	\$ 502,567	\$ 543,793	\$ 561,784	\$ 528,005	\$ 493,197
Revenue	\$ 2,022,378	\$ 2,017,041	\$ 2,025,367	\$ 2,288,015	\$ 2,237,018
Free cash flow as % of Revenue, as reported	24.9%	27.0%	27.7%	23.1%	22.0%



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Reconciliation of Non-GAAP Financial Measures

(Amounts in thousands)

For the nine months ended September 30,
2009 2008

Net Income to Free Cash Flow ;

Net income	\$	118,011	\$	149,486
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Add back:

Depreciation and amortization	373,499	422,986
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Income tax expense	65,328	76,717
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Acquisition and integration costs	14,457	-
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Pension expense (non-cash) ⁽¹⁾	24,802	(421)
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Stock based compensation	6,974	9,211
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Subtract:

Cash paid for income taxes	59,953	70,174
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Other income (loss), net ⁽²⁾	14,038	(91)
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Capital expenditures ⁽³⁾	161,893	204,199
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Free cash flow	\$	367,187	\$	383,697
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⁽¹⁾ Includes pension expense of \$30.3 million and \$(0.5) million, less amounts capitalized into the cost of capital expenditures of \$5.5 million and \$(0.1) million, for the nine months ended September 30, 2009 and 2008, respectively.

⁽²⁾ Includes gain on debt repurchases of \$7.8 million for the nine months ended September 30, 2009 and premium on debt repurchases of \$6.3 million for the nine months ended September 30, 2008.

⁽³⁾ Excludes capital expenditures of \$2.6 million related to Verizon integration activities for the nine months ended September 30, 2009.



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